

## Message Text

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72

ACTION NEA-16

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-03 INR-11 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 PA-04 PRS-01 USIA-15 SWF-02 AGR-20 DRC-01 /187 W  
----- 114996

R 030634 AUG 74

FM AMEMBASSY SANAA

TO SECSTATE WASHDC 4097

INFO AMCONSUL HONG KONG

USLO PEKING

CONFIDENTIAL SANAA 01575

E.O. 11652: GDS

TAGS: EAID, YE, CH

SUBJ: PRC-YAR AID AGREEMENT ON CONSTRUCTION OF COTTON

GINNING AND COTTON SEED OIL EXTRACTION PLANT

1. YARG ANNOUNCED JULY 30 CONCLUSION OF LOAN AGREEMENT WITH PRC FOR CONSTRUCTION OF COTTON GINNING AND COTTON SEED OIL EXTRACTION, PLANT IN PORT OF HODEIDA. PROJECT WILL BE FINANCED THROUGH LOAN AGREEMENT CONCLUDED IN 1972 BY TWO COUNTRIES (AGREEMENT LENDS US\$22.58 MILLION FOR PROJECTS INTEREST FREE WITH TEN YEAR GRACE PERIOD ON PRINCIPAL).

2. ACCORDING LOCAL PRESS, COTTON GIN WILL HAVE YEARLY CAPACITY OF 11,979 METRIC TONS. COTTONSEED EXTRACTION FACILITY WILL HAVE YEARLY CAPACITY OF 12,690 METRIC TONS OF GINNED SEED. BOTH AMOUNTS SHOULD BE ADEQUATE TO HANDLE YAR'S COTTON CROP FOR FORESEEABLE FUTURE.

3. COMMENT. NEW AGREEMENT SENSIBLE FOR BOTH COUNTRIES.  
PRC HAS BEEN MAJOR CASH BUYER OF YAR COTTON CROP (US\$1.9  
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MILLION IN 1973) AND CONSTRUCTED SUCCESSFUL SPINNING AND  
WEAVING FACTORY IN SANAA IN MID-1960S. YAR, WITH WORLD  
MARKET PRICES HIGH, HAS BEEN STRESSING INCREASED COTTON  
PRODUCTION. ONE MAJOR OBSTACLE HAS BEEN ANTIQUATED GINNING  
FACILITIES OF YEMEN COTTON COMPANY IN HODEIDA WHICH HAS  
HAMPERED MARKETING AND NECESSITATED TRUCKING OF RAW COTTON  
150 MILIES TO SANAA IN ORDER TO GIN SPINNING AND WEAVING  
PLANT'S SUPPLY ON SITE AND RETURN SEED TO HODEIDA.

NEWTON

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, COTTON, INDUSTRIAL PLANTS, LOAN AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974SANAA01575  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** n/a  
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**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
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**Page Count:** 2  
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**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 23 JUL 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <23 JUL 2002 by elyme>; APPROVED <25 FEB 2003 by boyleja>  
**Review Markings:**  
  
Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005  
  
**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> mcm 971106  
**Subject:** PRC-YAR AID AGREEMENT ON CONSTRUCTION OF COTTON GINNING AND COTTON SEED OIL EXTRACTION PLANT  
**TAGS:** EAID, CH, YE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005